

Message Text

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TAGS: EFIN, AR

SUBJECT: ARGENTINA GDP EXPRESSED IN DOLLARS

REF: (A) BA-480, (B) BA-417 (C) STATE 039253

1. CURRENT 1972 GDP FIGURE OF 23,472 MILLION DOLLARS OBTAINED BY DIVIDING CURRENT 1972 GDP FIGURE OF 231,200 MILLION PESOS CONTAINED IN TABLE OF REF A BY AVERAGE 1972 FINANCIAL EXCHANGE RATE (SELL) OF 9.85.

2. YEARLY SERIES ON AVERAGE FINANCIAL RATE (SELL) CONTAINED IN CENTRAL BANK BOLETIN ESTADISTICO WHICH SHOULD BE AVAILABLE TO WASHINGTON AGENCIES. GOA DOES NOT MAINTAIN CURRENT PRICE GDP SERIES BUT DERIVATION OF 231,200 FIGURE EXPLAINED IN FOOT-NOTE TO REF A. IT WAS OBTAINED BY MULTIPLYING CONSTANT GDP SERIES CONTAINED IN MINISTRY OF ECONOMY INFORME ECONOMICO FIRST QUARTER (1972 EQUALS 16,395) BY GDP IMPLICIT PRICE SERIES PROVIDED TO EMBASSY BY MINISTRY OF ECONOMY (1972 - 1,410.2).

3. THESE TWO SERIES ARE SUBJECT TO FREQUENT REVISION BY GOA SO THAT ABOVE FIGURES MAY NOT CORRESPOND EXACTLY WITH FUTURE DATA. FOR EXAMPLE, 1972 GDP IN CONSTANT 1960 PESOS HAS NOW
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BEEN REVISED TO 16,416 MILLION PESOS AND THE IMPLICIT GDP PRICE

INDEX HAS NOW BEEN REVISED TO 1375.1. THIS WOULD GIVE A 1972 CURRENT PESO GDP FIGURE OF 225,736 MILLION PESOS. DOWNWARD REVISION OF THE CONSTANT GDP SERIES FOR 1972 WILL OF COURSE INCREASE CONSTANT 1973 GDP GROWTH.

4. EMBASSY DOES NOT HAVE JANUARY ISSUE FINANCIAL STATISTICS BUT IMPLICIT COMMERCIAL RATE OF 8.075 FOR 1972 APPROXIMATELY CORRECT. ACCORDING TO DATA PUBLISHED BY FIEL, AVERAGE 1972 COMMERCIAL RATE FOR TRADITIONAL EXPORTS AND IMPORTS WAS 8 PESOS, AND FOR NON-TRADITIONAL PESOS WAS 8.09.

5. THERE ARE NO OFFICIAL ESTIMATES AS YET FOR 1973 GDP. EMBASSY ESTIMATE FOR 1973 GDP IN CURRENT PESOS IS 369,871 MILLION PESOS. THIS FIGURE OBTAINED BY MULTIPLYING ESTIMATED GDP IN CONSTANT 1960 PRICES OF 16,920 MILLION PESOS BY ESTIMATED IMPLICIT PRICE INDEX FOR 1973 OF 2,186. THE IMPLICIT 1973 GDP PRICE INDEX IS BASED ON 2/3 AVERAGE 1973 WHOLESALE PRICE INDEX PLUS 1/3 AVERAGE 1973 CONSUMER PRICE INDEX. CONVERTING AT AVERAGE 1973 FINANCIAL RATE (SELL) OF 9.98 GIVES 1973 CURRENT DOLLAR GDP OF 37,061 MILLION DOLLARS.

6. EMBASSY RECOGNIZES THAT CURRENT DOLLAR GDP FIGURE FOR 1972 AND 1973 NOT VERY REALISTIC SINCE EXCHANGE RATE ESSENTIALLY FROZEN WHILE INTERNAL RATE INFLATION VERY SUBSTANTIAL. MORE MEANINGFUL COMPARISON MIGHT BE OBTAINED BY DIVIDING CURRENT PESO GDP BY "THEORETICAL" PARITY EXCHANGE RATE BASED ON COMPARATIVE MOVEMENT IN OFFICIAL WHOLESALE PRICE INDEXES OF U.S. AND ARGENTINA. ACCORDING TO BANK OF BOSTON INDEX, THEORETICAL PARITY RATES AS FOLLOWS:

1970 - 3.71 PESOS PER \$; 1971 - 5.05 PESOS PER DOLLAR;
1972 - 8.50 PESOS PER DOLLAR; 1973 - 11.16 PESOS PER DOLLAR.

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